



DEFENSE LOGISTICS AGENCY  
HEADQUARTERS  
8725 JOHN J. KINGMAN ROAD  
FORT BELVOIR, VIRGINIA 22060-6221

IN REPLY  
REFER TO

J-37

JAN 05 2005

The Honorable Duncan Hunter  
Chairman, Committee on Armed Services  
U.S. House of Representatives  
Washington, DC 20515

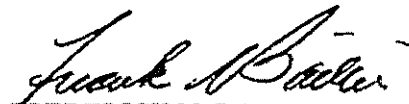
Dear Mr. Chairman:

On October 15, 2004, we informed you that the Defense Logistics Agency's subordinate activity, the Defense Distribution Center, had completed the public-private competition to operate the Defense Distribution Center Corpus Christi, Texas (DDCT). The apparent winning entity was determined to be the Government's Most Efficient Organization (MEO). At that time we informed you that directly affected parties had 30 days to appeal the decision and upon expiration of the appeal process, we would provide final notification as required by 10 U.S.C. 2461. The appeal period closed on November 17, 2004, with no appeals received by the Administrative Appeal Authority. As a result, the tentative decision became final on January 3, 2005 and a copy of the press release was faxed to your office on that day. Consequently, operations at the depot are expected to convert to MEO performance with 60 permanent employees at the end of January 2005. DDCT will undergo a Reduction-In-Force (RIF) which will affect approximately 56 permanent employees, to be effective on or about May 31, 2005. The official RIF letters are to be issued on January 5, 2005.

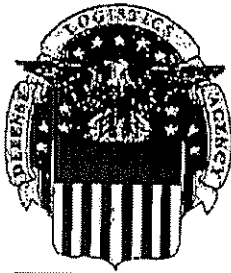
Department of Defense (DoD) Priority Placement Program registration and counseling began on October 19, 2004. This program provides referrals to equivalent positions at other DoD activities. Twenty-eight employees have signed up for Voluntary Separation Incentive Pay (VSIP) and Voluntary Early Retirement Authority (VERA).

If you need additional information on this action, please call Ms. Vickie O'Toole of the DLA Legislative Affairs staff at (703) 767-5341.

Sincerely,

  
FREDERICK N. BAILLIE  
Executive Director  
Distribution and Reutilization Policy

cc:  
The Honorable Ike Skelton, Ranking Member



*NEWS RELEASE*  
Defense Logistics Agency  
Office of Public Affairs  
8725 John J. Kingman Road, Suite 2545  
Fort Belvoir, VA 22060-6221  
(703) 767-6200  
<http://www.dla.mil>

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For Immediate Release: January 3, 2005  
DLA 05-01  
Media Contact: Jack Hooper (703) 767-5121  
[Jack.Hooper@dla.mil](mailto:Jack.Hooper@dla.mil)

## **DLA Affirms Distribution Depot A-76 Competition Results**

Fort Belvoir, Va. -- The Defense Logistics Agency announced today the final decision on the public-private competition for performance of distribution operations at Defense Distribution Depot Corpus Christi, Texas. A tentative decision was announced October 15 that operations and management of its depot would remain in-house rather than be contracted to a private company.

The depot, with its work force of career federal employees, will streamline and reduce the costs of the receipt, store and issue mission.

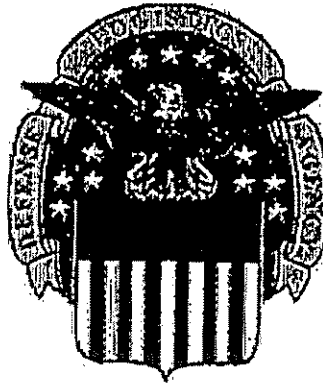
The DLA Administrative Appeal Authority received no appeals of the tentative decision. The public review period to submit appeals began October 15 and closed November 17, 2004.

To be eligible for consideration, an appeal must identify noncompliance with requirements and procedures set forth in OMB Circular A-76, the guidance governing the public-private competition, or specific items entered on the cost comparison form.

The transition period from current operations to the government's Most Efficient Organization structure is scheduled to take approximately 180 days following the date of the tentative cost comparison decision. The projected five-year net savings is \$10 million, or a 29 percent net reduction of the costs associated with the distribution functions currently performed at DDCT.

Defense Distribution Depot Corpus Christi is a field activity of the Defense Distribution Center, New Cumberland, Pa. The mission of Defense Distribution Center is to distribute, store and manage materiel and information, enabling a seamless, tailored worldwide DOD distribution network that provides effective and efficient support to the combatant commands, military services and other agencies -- in theater and out -- during war and in peace.

The Defense Logistics Agency provides supply support, and technical and logistics services to the military services and to several civilian agencies. Headquartered at Fort Belvoir, Va., DLA is the one source for nearly every consumable item, whether for combat readiness, emergency preparedness or day-to-day operations.



## DEFENSE LOGISTICS AGENCY OFFICE OF CONGRESSIONAL AFFAIRS

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### FACSIMILE TRANSMITTAL SHEET

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TO:	Chairman Hunter	FROM:	Vickie O'Toole
OFFICE OF:	Committee on Armed Services	DATE:	JANUARY 5, 2005
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#### NOTES/COMMENTS:

The attached letter is forwarded to provide notification of the final decision on the public-private competition for performance of distribution operations at Defense Distribution Depot Corpus Christi, Texas (DDCT), and to provide notification of a Reduction-in-Force to be effective on or about May 31, 2005.

V/t  
Vickie O'Toole  
DLA Legislative Affairs  
703-767-5341

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8725 JOHN J. KINGMAN ROAD  
SUITE 2545  
FT. BELVOIR, VA 22060-6221